Increasing the Recognition of Canada as an Exporter of Quality Agri-Food Products:

An Investigation of Options

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Executive Summary

Background and Objectives

Discussion at the Agri-Food Competitiveness Conference in Saskatoon (November 1992) focused on the need for Canadians to differentiate and promote the excellence of their agri-food products in export markets. A cross-branch team within Agriculture and Agri-Food Canada investigating the issue implemented the research project reported on herein to assess what industry perceives needs to be done to increase the recognition of Canada as an exporter of quality, value-added agri-food products. The objectives were threefold:

1. To obtain information from Canadian agri-food exporters on the following:

   - what they perceive is the image of Canadian value-added products, and the role of quality in that image;
   - what they are currently doing to promote the quality of their value-added products;
   - what they think needs to be done to improve Canada's image in export markets;
   - what role (if any) they believe the government should play; and
   - the level of interest and perceived role of government in 13 specific areas.
   - additional industry needs.

2. To obtain information from some of Canada's international agri-food customers on the same topics.

3. To obtain information from some of Canada's international posts on image- and quality-promotion activities of Canada's competitor countries.

Method

Goldfarb Consultants of Toronto was contracted to carry out the research. Five focus group discussions were held (one each in Vancouver, Calgary, Toronto, Montreal and Halifax), with executives of companies currently exporting or considering exporting agri-food products. In addition 20 one-on-one interviews were conducted with decision-makers in major food companies. Fifteen-minute telephone interviews were also conducted with 203 of Canadian agri-food business executives.

To gain some insight regarding whether the views expressed by Canadian exporters were shared by their international customers, interviews were also conducted with food brokers who import agri-food products from Canada (five in the U.S., five in Mexico, four in Japan, three in Germany and three in England).

And finally, in cooperation with Foreign Affairs and International Trade Canada (FAITC), telexes were received from Canadian posts in Italy, Spain, France, Britain, the Netherlands, Scotland, Mexico, Australia, New Zealand and Japan, to identify details of some agri-food promotion programs of competing countries.

Results, Discussion and Implications

A wide variety of agri-food businesses were represented in all aspects of the survey. Exporters feel there is considerable activity underway to promote the quality of Canadian agri-food products. However, while they think Canadian products have an excellent quality reputation, they think we need to promote them more and so do our international customers. Intelligence

from Canadian posts also indicates that Canada had better move quickly as the competition is active in letting export markets know its food quality is world-class.

When exporters were asked to rate the importance of 13 initiatives, and indicate the perceived role of government in each, the following results were obtained.

Canadian value-added food products need greater recognition: Canada is well known as an exporter of high-quality commodities, but is not regarded as a supplier of value-added food products. Terms like "natural" and "clear" are important indicators of how the world sees Canada; these attributes could be positively associated with food. We should work on extending the existing awareness of our agricultural capabilities to value-added food products. As one exporter said: "We need to introduce the world to Canadian agri-food products." The department has addressed this need with its support of one of the items in the Federal/Provincial Market Development Council's Work plan to Federal and Provincial Ministers of agriculture, i.e., the development of a Canadian theme designed to promote awareness of Canadian food products.

Canadian firms should be more aggressive: More than Canadian exporters, the international customers interviewed felt that Canada should be much more aggressive at selling itself as a supplier of value-added food products.

Market information is the pressing issue: Canadian exporters said that collecting information is time consuming and costly, particularly for small and medium-sized firms. Most felt that better focused market information is the most pressing issue. International customers agreed with Canadian exporters on the need for Canadians to have better market information. They also said Canadian firms need to understand the differences in doing business in foreign markets and be prepared to adapt marketing mixes to meet local demands.

Industry believes the government should play a role in the following key areas:

- Research to increase awareness of market opportunities, particularly for specific products or categories of products, in specific target markets;
- Keeping up-to-date on export and import rules and regulations; and
- Assisting in making contacts and establishing sales and distribution networks.

Trade shows are seen as a key activity: Exporters believe that participation in trade shows helps them 'get a foot in the door,' and that the government should continue to organize Canada's participation in shows; however, they want to see firms 'graduate' over time from a need for government financial support. Further, they believe the following are needed at trade shows:

- improvements in exhibit quality;
- better pre-show market research;
- careful selection of participating firms; and
- better post-show follow-up.

Support for a quality logo and standards tends to be weak: Most Canadian exporters believe that our food products are already considered high quality. The international customers surveyed (with exception of the Japanese) confirmed this to be true, rating the quality of Canadian food products highly. Their opinion was influenced by Canada's world-class quality standards and image as a pure, clean country.

Many Canadian companies were concerned about how to control potential misuse of a quality logo, and described it as an enormous task to develop standards that would apply to all products. Those most interested in the concept of a logo were small-sized firms and trade associations. Many exporters are using recognized Canadian symbols such as the maple leaf or Canadian flag.

As the Trade Opportunities Strategy Committee (TOSC) noted to Federal and Provincial Ministers of agriculture following their July, 1994 meeting, there may be a need to ensure that products carrying those symbols meet quality standards as developed and enforced by industry sub-sectors.

Partnership must be the key way of doing business: Most exporters do not want the government to write blank checks. The concern is that when this happens, the money is often poorly spent. Most would rather see jointly funded, partnership programs making industry a direct stakeholder to help ensure the money is spent wisely and where needed.

Competitor countries are active: Product promotion based on region and country-of-origin has been done by the Europeans for some time and is credited for contributing to a high consumer regard for products and to maintaining viable rural communities. New Zealand has recently launched a national brand promotion, targeted primarily to the Asian market. Firms must meet rigorous quality, environmental and marketing criteria to qualify for use of the national brand label. Australia has combined an aggressive quality assurance program with an international marketing strategy to position Australia as an exporter of quality food products. In the longer term the need to hone Canada's quality image may become more pressing if our competitors' efforts are successful.

Next Steps

The project team is committed to ensuring the full report of this work is broadly distributed and is pleased to report that several significant initiatives are already underway, as follow:

- The Federal/Provincial Market Development Council in its workplan to Federal and Provincial Ministers of Agriculture is embarking on several initiatives, including an investigation of the market information needs of exporters and the development of a common Canadian theme.
- Industry models, such as the Vintners Quality Alliance Program of the wine industry already exist; other groups (e.g., Canada Beef Export Federation; Canada Pork International), are well on their way to increasing the recognition of their products and there are joint industry/government mechanisms in place to cooperatively do more.
- The Minister of Agriculture and Agri-Food Canada, the Honourable Ralph Goodale, is embarking on an ambitious export marketing strategy with key elements of a strengthened agri-food presence in Canadian embassies, a single-window approach to market information and an industry advisory mechanism to ensure government activities remain relevant.
- In recognition of the fact that quality products are the result of consistent, reliable quality control systems, Agriculture and Agri-Food Canada will continue to play a role through support of Hazard Analysis Critical Control Point (HACCP) systems, by monitoring industries' health and safety control systems, and by providing assistance to industry sectors in the design of world-class quality assurance programs.

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Detailed Report

Background

Much of the discussion at the Agri-Food Competitiveness Conference in Saskatoon (November 1992) focused on the need for Canadians to differentiate and promote the excellence of their agri-food products in export markets. It was suggested that the department consult with industry. A cross-branch team was struck to investigate the issue. The results of its preliminary investigations showed that various segments of both the agri-food industry and governments are already working to facilitate the adoption of the "Total Quality Management" approach to food manufacturing using the HACCP system for food-safety management as a building block. Therefore, the project team decided that its research should assess industry needs on the *marketing* side of the "quality" issue, and that among its first activities should be a research project *to assess what industry perceives needs to be done to increase the recognition of Canada as an exporter of quality, value-added agri-food products*. The results, which are reported herein, will be used to advise the senior management of Agriculture and Agri-Food Canada (AAFC) on what course of action to recommend to agri-food companies and industry alliances (potentially in cooperation with government) wishing to export value-added products or expand their global sales.

Objectives

1. To obtain information from Canadian agri-food exporters (based on their own experience), on the following:

   - What they perceive is the image of Canadian value-added products, and the role of quality in that image.
   - What they are currently doing to promote the quality of their value-added products.
   - What they think needs to be done to improve Canada's image in export markets.
   - What role (if any) they believe the government should play.
   - The level of interest and perceived role of government in the following suggested areas (examples) that were identified by the project team during initial investigations:

     - Development of a Canadian "theme" campaign or high quality representation of Canadian value-added agri-food products (which could include a special logo), that would be advertised through various means, such as trade-show exhibits, retail and foodservice materials, the media and packaging materials.

     - Development of mechanisms to encourage companies and trade associations to improve the quality of their exhibits at international shows.

     - Information (e.g., through videos or brochures) for the industry about promotional efforts (such as theme campaigns and/or premium-quality labels) being used successfully by specific sectors, and by other countries in export markets.

     - Incentives (e.g., government- or industry-sponsored awards for value-added products and packages) that stimulate the industry to achieve and promote product quality, particularly in export markets.

     - Information for the industry about product-quality management systems that work well for specific companies, sectors and other countries in export markets.

- Additional industry needs not included in the suggested examples.

2. To obtain information from some of Canada's international agri-food customers on the same topics listed previously in 1.

3. To obtain information from international posts on image- and quality-promotion activities taking place in other countries that are Canada's competitors.

Method

Focus Group Discussions with Canadian Agri-Food Exporters

Five focus group discussions were held with people in companies currently exporting or considering exporting agri-food products within the next few years. An average of eight people participated in each group. The focus groups were designed to elicit unprompted responses to issues such as the perceived image of Canadian value-added products, as well as the perceived and preferred role of government versus business in the enhancement of the Canadian image abroad. Respondents were selected randomly and recruited from a list of food-exporting companies provided to Agriculture and Agri-Food Canada by Foreign Affairs and International Trade Canada. Additions to the list were made by the regional offices of the Market and Industry Services Branch of Agriculture and Agri-Food Canada in cooperation with provincial governments, the B.C. Trade Development Corporation and Club Export in Quebec.

Focus group participants were screened to include people from senior management who were the most qualified to answer questions on the image of their company's products in other countries. In some cases, this was the CEO or President. In other companies, it was the Vice President of Marketing, or the Marketing Director. One group was conducted in each of Vancouver, Calgary, Toronto, Montreal and Halifax. The focus groups were held May 3 - May 13, 1994.

One-On-One Interviews with Canadian Agri-Food Exporters

In addition to the focus group discussions, in order to develop an understanding of the scope and depth of the issues 20 one-on-one interviews were conducted with food-industry decision-makers, who were screened in the same manner as the focus group respondents. The interview outline used was similar to the one used in the focus groups, but was adapted for the specific situation. These interviews were conducted May 13 and May 30 in a variety of regions around the country. Interviews were pre-arranged, and were conducted either in-person or over the telephone, depending on the respondent's needs and schedule. The members of the Trade Opportunities Strategies Committee (TOSC) were invited to participate in this series of interviews.

Survey of Some of Canada's International Customers

To gain some insight regarding whether the views expressed by Canadian exporters were shared by their international customers, 20 interviews were conducted in some of Canada's key export markets with food brokers who import agri-food products from Canada. These interviews were done to compare the opinions of Canadian suppliers with those of their international customers. The 20 interviews were distributed as follow: 5 in the United States; 5 in Mexico; 4 in Japan; 3 in Germany; and 3 in England.

Telephone Interviews with Representatives of Canadian Agri-Food Business

Fifteen-minute telephone interviews were conducted with 203 representatives of Canadian agri-food business. The sample included primarily agri-food companies but also some trade associations and distributors. Respondents were screened in the same way as for the focus group discussions. A sample of this size is statistically reliable to ± 7.1% 19 times out of 20. Again, the sample was recruited from the lists made available by Agriculture and Agri-food Canada, as described previously under *Focus Groups*. Companies that had participated in the focus groups or one-on-one interviews were excluded from the telephone interviews. It should be noted that the sample in this phase of the project was not a random probability sample. While an effort was made to recruit people from a variety of sectors, it was a small sample designed to help obtain some idea of what companies' views are, in order to provide a general (though not necessarily definitive) direction for market-development activities.

The telephone interviews were intended to verify (through responses to a structured questionnaire) the opinions expressed in the focus group discussions and one-on-one interviews, and measure the strength of the ideas. An effort was made to reach companies in all regions of the country, although the geographic distribution of the appropriate companies meant that a large proportion of the interviews were done in Central Canada. The questionnaire was administered in both English and French.

Survey of Posts Abroad on Quality and Promotion Activities in Competing Countries

Information about export- and agri-food quality-promotion activities in other countries can be an indication of what Canadian firms might be facing in their attempts to secure world market share. Consequently, in cooperation with the Agri-Food, Fisheries and Resources group (TOSA) at Foreign Affairs and International Trade Canada (FAIT), telexes were received from posts in Italy, Spain, France, Britain, the Netherlands, Scotland, Mexico, Australia, New Zealand and Japan.

Results and Discussion

Profile of Sample

A wide variety of agri-food business representatives participated in this research. A list is available on request. A profile of the sample for the telephone-interview phase of the survey is included in Appendix 1. Fifty percent of the sample was from Ontario, 14% each from the Prairies and Quebec, 18% from the Atlantic Region and 3% from British Columbia. Eighty-three percent of respondents were from agri-food companies, 82% of which were currently exporting agri-food products. Nine percent were from trade associations and 7% were distributors. The majority (41%) were from medium-sized companies ($ 1-10 million total annual sales), 30% were from large companies (>$10 million total annual sales) and 29% were from small companies (< $1 million total annual sales). The majority (40%) of exporters indicated that exports make up more than 25% of their sales. Twenty-two percent of exporters said 5% or less of their sales were exports, and 12% said 10% of their sales were exports.

Vegetable and fruit products topped the list of products companies were exporting or planned to export (21% of respondents), followed by meat and poultry products (17%), and bread and bakery products (13%). A wide variety of other agri-food products were also exported, including beverages, cereal products, snack foods, candy and confectionary items, dairy products, egg products, maple syrup and honey products, fats and oils products, etc.

Fifty-nine percent of exporters considered the U.S. their major export market, 10% said it was Japan, 9% said Asia and the Pacific Rim, 4% said the U.K., 4% the Caribbean and 2% Mexico.

Detailed results of the 20 one-one-one interviews with Canadian exporters are given in Appendix 2, and those of the interviews with the 20 international customers in Appendix 3.

Recognition of Canadian Agri-Food Products

Canadian exporters perceive that their food products have fair to good recognition

Fifty-seven percent of Canadian exporters believe Canadian products have good recognition in other countries. There is some sense, however, that some export markets are not that familiar with Canadian products. About one in five exporters (22%) suggest Canadian products have only fair recognition, while a similar proportion (19%) feel they have not very good or poor recognition in export markets.

The impression that Canadian products do not always have good recognition in export markets tends to correlate with the interviews done with customers in Japan and Mexico, in particular and, to a certain extent, in the U.S. and Germany, who suggest that Canadian food products are not as widely known as they could be. In Mexico there was a sense that Canadian agri-food products are not well-differentiated from U.S. products, and therefore suffer from a visibility problem.

Perceived Image Of Canadian Processed Food Products In Export Markets

Canadian processed food products are perceived to have a high quality image

The general perception of Canadian food exporters is that the products in their own particular category have a good or excellent image for quality in major export markets. Virtually no one feels that their products suffer from a poor quality image.

Table 1. In major export markets, quality of Canadian processed food products in your category is perceived as...

	% of Exporters
Excellent	51
Good	42
Fair	2
Poor	2
Base:	*203*

Qualitatively, Canadian exporters said the same thing. Virtually no one felt that Canadian food products have a poor image for quality *in markets where they are known*. Part of the perception of the image for quality stems from a pride in their own products. That is, the people interviewed qualitatively tended to demonstrate an entrepreneurial spirit, part of which is an aggressively positive attitude about their own products. They clearly believe in their own product, and are prepared to communicate their attitudes to those to whom they wish to sell.

In their minds, the issue is not overcoming a poor quality image, but a range of other issues, including improving recognition of Canadian products in export markets. That is, there is some concern that Canada is not known for having the range of food products that it has, although those who are familiar with one or more of the products generally are perceived to have a very positive view of them.

In some instances, Canadians feel they have a job to do in helping export markets to understand that Canada offers some of the products it does, and that the quality is as good as or better than that of similar products offered by other countries. For example, one company interviewed, which exports smoked salmon, not only impressed people with the quality of their product, but surprised a lot of people at a trade show by offering *Canadian* smoked salmon. It was not that people did not expect *quality* smoked salmon from Canada; they just did not expect smoked salmon at all from Canada.

Overall, the impression of quality correlates closely with what international customers themselves said. For the most part, the impression is that Canada exports good to excellent quality food products.

Those who feel the quality image is excellent take pride in their products

Quantitatively, those who feel the quality image of Canadian processed food products is excellent in export markets base their perception on their own pride in their products. That is, they know they have good products and feel that they have earned the respect of importers as a result. Some feel they exceed the standards set by some of the countries to which they ship, with the result that they are perceived to offer very high quality. Others simply feel that Canadian standards in the food industry are generally known to be high and that this has contributed significantly to an image for quality.

Some people claim they know that Canadian products have an image for excellent quality because of the amount of repeat business they get. They feel they would not get repeat orders if

their customers were not happy. A few suggest that Canada is perceived to have good quality when products are compared with similar ones coming out of different countries.

Qualitatively, people gave some other reasons for their belief that Canadian food products enjoy a good reputation for quality. Some people suggest that the dominant image of Canada is a land of wide-open spaces, clean water, fresh air, a country concerned about the environment, a country that is relatively safe. This positive image of Canada works well for food products because it implies that both fresh and processed food products will have been grown, handled, processed (if applicable) packaged and shipped with a lot of concern for the freshness and quality of the product.

The positive quality image of Canadian agri-food products is seen as being strongly related to the image that Canada tends to have internationally as a natural, open, fresh, clean, unspoiled, pure country that is respected for its modern, high living standards and high standards of cleanliness, sanitation and regulatory control over food producers and other industries.

Some exporters also believe that Canada has the image of being more relaxed than the U.S. in particular. They have heard that Canadians are considered to live at a slower pace than Americans, and that this extends to a perception of how Canadians run their business. One exporter told us, for example, that several of her U.S. customers remark that whenever they come to Canada they 'can feel themselves relaxing.' They have an impression that Canadians are not as driven to do things quickly and, as a result, they take more time in the production process. This also is a positive image to associate with food products.

Table 2. Why do you say Canadian quality is perceived to be excellent? (selected)

	% of Exporters who say Canadian quality is perceived to be excellent
Our products are good quality/we built our reputation on quality	45
Canadian manufacturers are well-respected/ have a good image/ have a good reputation for quality	12
We would not keep getting business if our quality was not good	12
We know from our customers/ our customers give positive feedback	11
We are one of the few producers in the world of this product	8
We have quality packaging	8
Quality is better than similar products from other countries/ Canadian quality is better than other countries	8
Canadian processing standards are high/ higher than other countries'	7
Our product is pure/ purest in the world	6
Canadian image is good in the U.S./ Americans have a positive reaction to things Canadian	5
Our own standards are higher than those of the country we ship to	5
Canadian price is better than other countries	5
Base:	*104*

Again, this rationale for a quality image is confirmed by the interviews done with international customers. With only a few exceptions, the importers interviewed described Canadian food products as good or excellent in terms of quality. Some based their opinion on positive personal experience, and the success they have had with the products they have imported from Canada. Others suggest that the clean, pure image of Canada is reflected in the agri-food products in that it suggests Canadians are less likely to use chemicals or other additives at any stage in the process. Others feel that Canada's status as a developed, industrialized nation means that food products will be top quality. The Japanese customers interviewed ranked Canadian products as only fair more because of our lack of attention to marketing than the quality of the products themselves.

Canadian quality is considered as good as or better than that offered by competing countries

Canadian agri-food exporters generally feel that Canadian quality of processed food is perceived to be as good as or better than the quality provided by other countries. Virtually no one feels that Canada 'takes a back seat' to the United States, Australia or New Zealand. It should be noted, however, that a significant proportion have no real sense of how Canadian quality compares with that of the latter two countries.

There is a small minority, however, who suggest that Canadian quality might be perceived as inferior to the quality of food products coming out of Europe. Directionally, the data suggest that it tends to be smaller companies that have this impression. This same concern was raised qualitatively, and tended to be voiced by people in businesses historically associated with Europe: chocolate and some gourmet foods.

Table 3. How does the quality of Canadian processed food products compare with those from...?

	% of Exporters saying Canadian quality is perceived to be...			
	As Good As	Better Than	Not As Good	Don't Know
United States	63	31	3	3
Europe	42	28	15	15
Australia	40	23	3	34
New Zealand	37	27	3	33
Base: (203)				

Qualitative data suggest that the comparative image of the Canadian product depends very much on category. For example, while Nova Scotia grown apples might have excellent flavour and freshness, they tend not to be as big as apples grown in some other parts of the world. In countries where quality is measured by size, then, Canadian quality might not be considered as good.

Similarly, food products in the gourmet or fine food category may be more likely to be considered superior by importers, at least partially because they are from another country. That is, a U.S. importer looking for specialty mushrooms, for example, may be more likely to consider the ones from Canada to be better simply because they are imported, and, therefore, more interesting.

However, qualitatively, Canadian exporters also suggest there are political reasons that enter into perceptions of quality. For example, some Canadians suggests that Mexican companies say they believe Canadian quality is better, when what they are really saying is that they prefer to deal with Canadian companies rather than U.S. ones. In some parts of the world, Americans are perceived as aggressive, and with a tendency to 'steamroller' their customers into doing business their way. Some Canadians, however, have heard that Canadians are perceived to be more willing to learn about the country to which they are exporting, and to make an effort to accommodate the business practices of that country. As one exporter suggested, the U.S. is perceived to be a 'big wheel coming in to mow them down. Canadians are perceived more like partners.' This type of impression has an impact on how the quality of the products are perceived.

Another factor impacting on the image of quality is the country to which the goods are being exported, and the domestic industry for that product. For example, while Canadian pork enjoys an excellent image for quality in Mexico and Japan, it is very difficult to sell in the United States because of a strong domestic industry, and a strong 'Buy American' sentiment.

The general impression that Canadian food products are as good as or better than competing products from other countries is also confirmed by international customers. Again, however, the sense of which country has better quality can vary by sector, and by the respondent's frame of reference. For example, Germans hesitate to say Canadian quality is any better than German quality. As another example, a U.S. importer suggested the pasta he imports from Italy is better quality than any pasta he might get from Canada; on the other hand, the fresh vegetables he buys

from Canada tend to be better. Japanese customers interviewed ranked Canadian products as only fair in quality, more because of our lack of attention to tailoring and customizing marketing mixes for Japanese consumers, than the quality of the products themselves.

Implications of Positioning Agri-Food Products as Canadian on World Markets

It is generally considered an asset to position products as Canadian

Most exporters feel that it helps their business in major export markets to promote the fact that their products are Canadian. Small and medium sized-businesses are particularly likely to feel it helps them. Directionally, the data also suggest that people exporting to Japan and the Pacific Rim are especially likely to feel that being Canadian helps their sales in those areas.

While virtually no one feels that the fact that their products are Canadian in origin hurts their sales, there is a significant minority who feel that their 'Canadianism' is not an asset. This seems to be particularly true among large companies.

Table 4. In major export markets, how does being Canadian affect sales of your products?

	% of Exporters COMPANY SIZE			
	TOTAL	Small	Medium	Large
Being Canadian helps sales	66	70	68	52
Being Canadian hurts	4	-	7	4
Being Canadian neither helps nor hurts	29	26	25	43
Base:	*203*	*53*	*76*	*54*

Being Canadian helps the most when exporting to Asia or Europe

Canadians currently exporting or contemplating exporting agri-food products are most likely to feel that being Canadian helps their sales in Asia and in Europe, and possibly Mexico. While again, no one feels that being Canadian actively hurts their sales, a significant proportion feel that being Canadian neither helps nor hurts them when selling their products in the United States.

Table 5. Effect Of Being Canadian On Export Sales To...

	% of Exporters saying being Canadian ...			
	Helps sales	Hurts sales	Neither helps nor hurts	Don't Know
Far East/ Asia	59	2	13	26
Europe	54	2	20	24
Mexico	46	3	15	36
United States	45	10	40	5
Base: (203)				

Qualitatively, Canadian food exporters suggested that it does not always help to position themselves as Canadian in the U.S. market, particularly if they are in a category which is not uniquely Canadian. For example, one juice marketer said there is no benefit to him in making an issue out of the fact that his company is Canadian; the sale is more likely to be closed on the basis of price or service. Indeed, he said that being Canadian can work against him in some cases if the buyer happens to be an American patriot.

There were others who felt that there was no real benefit to positioning themselves as Canadian. In some sectors, the product was sold on quality, or purely on price. Country of origin was not a factor which they believed their customers worried about.

In some markets, such as the U.S. and Europe, some exporters feel that emphasizing the Canadian identity of their products is, in fact, a negative — not for quality reasons but for political reasons. The feeling is that in these markets there is a strong consumer bias to local agricultural producers and a bias against foreign products to the extent that they are seen as a threat to local producers.

Role of Quality Assurance

Canadian exporters meet Canadian standards

On the whole, Canadian companies say the quality assurance systems they have in place tend to centre around their own company standards, or the federal government standards. Relatively few (19%) say that one of the systems they have in place is one designed specifically to meet the specifications set by one of their customers. Directionally, the data suggest it is people who export to Europe or the Pacific Rim who are most likely to say they meet international buyer specifications.

Table 6. What quality assurance systems do you have in place?

% of Exporters

	TOTAL	COMPANY SIZE Small	Medium	Large
We meet our own company developed standards	58	57	67	56
We meet federal government grading standards	45	43	43	43
We meet international buyer specifications	23	13	22	32
We carefully watch entire process/ internal cross-checks/ quality inspections every step of the way	9	6	13	7
ISO 9000	6	-	5	7
HACCP/Hazard Analysis Critical Control Point system	5	-	8	4
Lab analysis of products	5	6	3	4
TQM/ Total Quality Management	3	6	1	2
Base:	*203*	*53●*	*76*	*54●*

The quality assurance demanded by international customers is government-related

Most agri-food exporters say the quality assurance demanded by their international customers has to do with the federal government standards and regulations in this country, and the standards imposed by the country to which they are exporting. Relatively few mention ISO 9000, TQM or HACCP, although it does tend to be large companies and trade associations which are more likely to mention these standards as ones they are required to meet.

Table 7. What quality assurance standards do international customers demand?

	% of Exporters			
		COMPANY SIZE		
	TOTAL	Small	Medium	Large
We must meet the standards of the country to which we are exporting	40	32	43	44
We meet federal government standards and regulations	31	26	29	33
ISO 9000 accreditation	9	-	13	11
TQM/ Total Quality Management standards	7	4	5	15
Company standards only/ our own standards are good enough for our customers	6	8	5	7
Companies we sell to have their own audits/we must meet their standards/their in-house regulations regarding quality	6	-	9	7
Hazard Analysis Critical Control Point/ HACCP	5	2	8	7
Base:	*203*	*53●*	*76*	*54●*

A similar response was given by international customers, most of whom said they want the food they import to meet their own country's inspection standards. Out of the 20 interviews conducted internationally, four people said they sought products that meet HACCP, three look for a TQM system and two want ISO 9000 accreditation.

Awareness of Marketing Activity

Some exporters believe there is marketing activity to promote quality

About one in two agri-food exporters believe there is some marketing activity currently in place to promote the quality of Canadian food products. However, a significant proportion deny that there is any marketing activity going on, while one in five are simply not sure.

Table 8. Is there marketing activity currently in place to promote the quality of Canadian agri-food products?

	% of Exporters			
		COMPANY SIZE		
	TOTAL	Small	Medium	Large
Yes, there is marketing activity	55	62	45	61
No, there is no marketing activity	22	15	25	20
None that I know of/ not sure/ don't know	23	23	30	19
Base:	*203*	*53* ●	*76*	*54* ●

International customers themselves tend to say Canada does some marketing activity, but perhaps not as much as other countries. The information they receive is likely to come from companies rather than the Canadian government, and tends to be printed material as opposed to the posters, video, or merchandise like T-shirts which they receive from other countries. While they tend to feel that the material they receive is good, there is sense that Canadians could justifiably 'brag' a little more about their agri-food products.

The marketing activity is attributed to government

The Canadian exporters who believe there is some marketing activity going on to promote the quality of Canadian foods tend to believe it is being done by government at some level. They are more likely to say the federal (59%) or provincial government (45%) is involved than they are to say their industry (34%) or company (24%) is involved in marketing activity. Those who believe there is marketing activity being done focus on the Canadian presence at trade shows. Government involvement in the organization of a Canadian presence at trade shows is a large part of the reason so many attribute the marketing activity to government.

Activities Being Done By Companies Or Industries

Participation in trade shows is a key marketing exercise employed by companies

Exporters from specific companies indicated that their company currently is involved in a number of different marketing activities designed to promote their products in other countries. Key among the activities they participate in are trade shows, particularly for larger companies.

Both qualitatively and quantitatively, many Canadian exporters indicated that participating in trade shows is vital to anyone interested in exporting. The general sense is that if the company can have a booth at a trade show, and then do the necessary follow-up with contacts made at the show, the experience can be extremely worthwhile.

The general impression also seemed to be that if a company could become part of a Canadian contingent to a trade show, and thus receive some financial support from the government, the experience could be even more useful. Qualitatively, exporters had a great deal of praise for Agriculture and Agri-Food Canada, External Affairs and the provincial governments, all of whom are involved in organizing groups of Canadian companies to participate in trade shows. Most had a very positive experience, and felt that the government people they dealt with demonstrated flexibility, initiative and expertise in terms of how they handled themselves and the

companies they were working with. **Overall then, trade shows are generally considered an important part of marketing activity.**

Companies indicate that they are more likely to promote the Canadian identity of their products than they are to promote the regional identity of them. However, smaller companies are more likely than larger ones to promote the regional identity of the products, and directionally, there is some indication that exporters of beverages like beer/ liquor/ wine or water, and exporters of fresh produce are more likely than others to promote the specific region from which their products come. Qualitatively some companies said they promoted their region because of its proximity to the market they were exploring (eg. proximity of Nova Scotia to New England), or because they know their particular region has a good international reputation for the products they are selling (eg. the Okanagan Valley for fruit).

Canadian companies are more likely to advertise to wholesalers and distributors than they are to advertise directly to consumers. Qualitatively, people indicated that the cost of advertising to consumers is too high, particularly when one first begins to export. They felt the money was more wisely spent advertising to distributors, or even entering into some sort of co-op advertising with a broker in the foreign country.

While many companies would like to take advantage of government export assistance programs, there is some indication that larger companies are more likely to have done so. Some smaller companies have the impression that they are not eligible for financial assistance.

Trade associations also participate in trade shows

While it is clear that trade associations play a role in marketing activity, many of the respondents from specific companies were not able to say whether or not their trade association takes any of the initiatives discussed, other than to say they participate in trade shows.

Although the base is so small as to be directional only, the data suggest that trade association representatives in the sample say their association not only participates in trade shows, but promotes the Canadian identity of their members' products, makes use of federal and provincial export assistance programs and makes use of Canadian symbols to help identify their products as Canadian.

If this is true, it suggests the trade associations have a significant job to do in informing their members of the kinds of activities in which they are involved. It also suggests that the trade associations should play an active role in any marketing activity the government pursues.

Table 9. Does your trade association/company do any of the following to promote your products in other markets?

	% of Exporters	
	Trade Association does...	Company does...●
Participate in trade shows	60	76
Promote the Canadian identity of your products	53	63

Advertise or promote to wholesalers/distributors	36	56
Use provincial or federal export assistance programs	42	54
Use a Canadian symbol like the flag or the maple leaf on your packaging or promotional material	36	41
Promote the provincial or regional identity of your products	34	37
Advertise or promote direct to consumers	29	34
Base:	*203*	*169*

•*Based on exporters from specific company*

Perceptions of Extent of Marketing Activity

Most exporters believe more marketing activity is needed

Most Canadian exporters (57%) feel there is not enough being done to promote the quality of Canadian agri-food products in major export markets. This view is fairly consistently held. Those who feel more needs to be done to promote Canadian quality have a number of ideas. However, their ideas tend to centre around the type of assistance they feel the industry needs from government more than any specific marketing or promotional activity. Both qualitatively and quantitatively, exporters are suggesting that a key measure that needs to be taken is for government to begin providing more information to industry about the process involved in exporting, and information about potential markets. In saying this, they are suggesting that it is premature or even unnecessary to focus on the quality issue until more Canadian companies are involved in exporting. They are suggesting that the quality image that exists right now is good and, therefore, does not need to be the focus. The more immediate issue is to get the appropriate information to the companies currently or potentially involved in export, give those companies some financial assistance if necessary, help them get to trade shows, and begin to set up a network within the international food industry that will ultimately help to build Canada's reputation overseas.

Nonetheless, there is some feeling that there is a role for a promotional campaign to help confirm the position of Canadian products as excellent quality. Some people suggest that Canada's high standards should be promoted. A few suggest that Canada should begin to put less emphasis on commodities, and more on value-added food. Some feel that there is a need for a campaign that will simply raise awareness of Canada and Canadian agri-food products generally. It should be noted, however, that qualitatively, exporters expressed doubts about the viability of a *national or generic* promotion campaign. They felt it would be more effective to promote Canadian quality on a sector by sector basis because the elements defining quality vary by sector.

Role of Government in Export Promotion of Quality

Government should work with industry to promote quality

Canadian agri-food exporters clearly see a role for government in the development of programs designed to promote the quality of agri-food products. However, they strongly feel that government should work with industry in jointly developing and funding any such program.

They do not seem to want government to adopt a leadership role, but neither do they want government to provide funding and nothing else.

Qualitatively, people said government should be involved because of their broad expertise and knowledge of foreign markets. Generally speaking, exporters were impressed with the quality of assistance they could get from Agriculture and Agri-Food Canada, and tended to describe their dealings with the department in a positive way. They felt it would be possible and even productive to work with Agriculture and Agri-Food Canada in promoting Canadian agri-food products. However, they clearly feel that industry should be involved to provide the specific industry expertise, as well as to act as a watchdog to ensure that government efforts are focussed in the appropriate direction.

Government should also work with industry to develop programs

Exporters also want to see the government work with both individual companies and trade associations in developing and funding export programs. There is some feeling that the efforts will be more worthwhile if they are made on a sector by sector basis, rather than trying to create one program to cover the entire food industry.

Qualitatively, exporters felt that there is no way the government would get across-the-board consensus from the various sectors within the food industry for one export development program. The issues of concern, export markets, and elements that define quality, vary by sector. This being the case, they say, trying to work with the industry as a whole would not work.

Table 10. Role of government in export development

	% of Exporters
What Role Should Government Play In Canadian Agri-Food Export Promotion Of Quality?	
A leadership role in developing and funding export development and promotion programs	9
A partnership role, working together with industry in jointly developing and funding export development and promotion programs	70
Provide funding only for export development and promotion programs, and nothing else	14
Play no role at all in export development and promotion	6
If Government Is To Play A Role In Developing And Funding Export Development And Promotion Programs, Should It...	
Work with the agri-food sector as a whole	12
Work with individual companies in developing and funding export programs	54
Work with industry associations in developing and funding export programs	32
Base:	*203*

Reaction to Suggested Initiatives

In an effort to understand what exporters feel are their greatest needs in trying to develop export markets, they were presented with a number of initiatives industry could undertake alone or with government. They were asked to indicate how important they feel it is that each initiative be carried out, and the extent to which they feel government should be involved.

Information is Very Important

Exporters were presented with a number of different ideas concerning the type of information they might find useful in becoming more effective exporters. This tended to be the area that was considered most important to develop, and the one in which more exporters felt government should be adopting a leadership role. The following ideas were explored:

- Help Canadian companies become more aware of / educated about export opportunities.
- Improve procedures by which Canadian companies can keep up with and sort out export and import rules and regulations for different countries.
- Enhance opportunities for developing contacts or sales and distribution networks in foreign markets.
- Provide more and better market research information about export markets to assist companies in their marketing efforts.
- Improve opportunities for companies to learn more about becoming export ready.

Qualitatively, the exporters interviewed felt that the biggest barriers to more effective exporting on their part was **the time, energy and resources involved in researching the various types of information they needed to make effective decisions about their export activities**. Their information needs are great, and range from a basic understanding of what the export opportunities are to a need for information about tariffs, regulation and standards in the various markets they are exploring, to information on contacts and distribution networks in various countries.

To some extent, these needs are being met by government through the provincial Ministries of Agriculture and Food, Agriculture and Agri-Food Canada or Foreign Affairs and International Trade Canada. In fact, many people spoke in a very complimentary way about the kinds of useful information they have received from government, which have both enhanced their knowledge base and increased their opportunities. For example, one exporter said his contact in the trade mission in Brazil had 'faxed' him news of a decreased tariff on his particular product, thus letting him know that a market previously not cost effective to explore, now was. Another exporter talked of a catalogue of information she had received from Agriculture and Agri-Food Canada about the rules and regulations concerning exporting processed meat to Europe. Several people mentioned the trade missions in which they had participated, and generally felt that the government officials in charge of the missions had done an excellent job of helping the companies establish contacts in foreign markets. Someone talked about a trade show he had attended in Southern California and said the government representative had lined up several key customers to talk to the Canadian company about the possibilities of importing his company's product. This 'matchmaker' role they tended to feel was an ideal one for government to perform. They did not want government to close the deal for them, but rather provide them with the introductions to the right people so that they could sell their own product in their own way.

Reaction to Trade Show Initiatives

- ***Participation In Trade Shows Is Important***

Both qualitative and quantitative data suggest that exporters believe that participation in trade shows is very important to their success. In open discussion, they talked about the benefits of not only attending trade shows and letting themselves and their products be seen, but the follow-up work that comes after the trade show is finished. The trade show is most useful if it provides the company with a list of names to contact either by phone or in person once the show is over. However, if a company is never seen at trade shows, they feel their opportunity to 'crack' an export market is more limited.

In this respect, they feel there is a clear role for government and it is a role they feel government is already filling to an extent. They indicate that government is often instrumental in co-ordinating a Canadian contingent, and that they pull together a number of Canadian companies to participate in any given trade show. The experience of exporters who have participated in one of these contingents has been positive, and is viewed as a 'foot in the door' of the export market.

It was very interesting to note the attitude of exporters who had received help in this way from the government. The attitude tended to be that the government should be there to offer some financial support in the form of air fare, reduced rate for accommodation, or a reduced rate on the charge for the booth, and in this way assist the company.

However, there was also a feeling that any given company should not take advantage of the government in this way and should 'graduate' from being part of a government group, to participating on their own. This, they felt, not only sent a signal of their own success to their prospective customers, but also made room for other Canadian companies to begin to get into the export market. Those who see trade shows as valuable tend to feel that companies get out of them what they put into them. They feel that many companies do not put much work and initiative into developing and pursuing contacts at shows and come away with a poor experience as a result.

Overall, the exporters interviewed made it very clear that while they appreciated the help of the government in getting started in the export business, they wanted to reach a point where they could manage on their own without government support. In this respect, exporters liked the idea of government providing incentives to industry to encourage companies to not only increase their participation at trade shows, but to improve the quality of their exhibits at the shows.

Need for Success Stories

The desire for information is evident in the positive response to the idea that Canadian companies be given information about what other countries are doing to promote the quality of their products in export markets, and what other Canadian companies are doing in this respect. Qualitatively, exporters suggested that this type of information is useful not only in terms of giving people ideas, but also as a morale-booster. That is, if they can read success stories about other Canadian companies in particular, they tend to get a more positive feeling about the whole concept of exporting. Some people told us in open discussion that they can get very discouraged about exporting when they think about the amount of information they don't have, or the expense involved in getting started. They find that reading about other people's progress can give them the incentive to keep going. Generally speaking, they feel that the dissemination of this type of information is a role for government.

Reaction to specific marketing initiatives is cool

- ***Response To Development Of Quality-Themed Promotional Campaign***

Of the specific marketing ideas examined, the ones most likely to be considered important are the ones dealing with the ***development of a universal or sector specific quality themed promotional campaign*** in major export markets. As noted earlier, exporters currently believe that Canadian agri-food products have a pretty good image for quality in export markets. Their somewhat positive attitude to the idea of a promotion campaign designed to enhance the quality image is rooted in the belief that it can't hurt to reinforce the image, more than a sense of a real need to generate a better image for quality. **Support for a quality promotional campaign may be a function of the desire to raise the visibility of Canadian products.**

Qualitatively, the response to this idea was similar. However, in the focus groups and one-on-one interviews, there were people who clearly felt that a universal 'Canadian quality' campaign was not practical given the different needs of the different sectors. They were more likely to feel that any quality themed promotional campaign would need to be executed on a sector by sector basis so that the specific issues relevant to each sector could be addressed and dealt with.

It should also be noted that if the concept of a quality themed promotional campaign is pursued, exporters feel government should play a partnership role with industry. Government should not try to generate such a campaign on its own without input and approval from industry.

- ***Response To An Awards Program***

The concept of an awards program designed to encourage Canadian agri-food producers to achieve and promote quality in export markets met with a lukewarm response. In open discussion, exporters tended to find the *concept* of an awards program appealing, but they fear the reality of one would be cumbersome and too complicated to administer. However, awards were not perceived to motivate companies to improve product quality; market forces are the principal determinants of product quality.

Conceptually, awards can be a useful marketing tool, particularly if the awards are internationally recognized. In the focus groups, a few people indicated that there are awards within their sector, or within their region and that the winners usually include the news of their victory in their marketing material. While they do not perceive awards to be something that will close a deal, they are useful in terms of positioning a particular product or company as an industry leader and, by extension, a quality product. There was concern that because awards are so numerous, their marketing value has diminished somewhat.

If an awards program were put in place, it would have to be administered by the industry, probably on a sector by sector basis. People could see no point in beef exporters competing with fresh produce exporters, for example, for an award of quality, and they clearly do not like the idea of government developing such a program on its own. Indeed, one in three feel that if an awards program is developed, government should stay out of it entirely.

Some exporters feel awards should be used to publicize the success stories of Canadian exporters. This will make other agri-food companies more aware of export opportunities as a means to encourage more Canadian companies to move into the exporting business. Directionally, the data suggest that those most likely to feel the development of an awards program is very important include those who export water or snack foods, and those who export to Japan.

- ***Response To A Quality Logo***

The idea of developing a special Canadian quality logo or symbol that could be used on packaging and promotional materials sent to export markets also meets with mixed response. Directionally, those most likely to feel the concept is very important are those who export water, snack foods and bakery products. Like the awards program, the logo is not something the industry would like to see the government work on alone. If such a logo is to be developed, the industry clearly wants to be involved. For more detailed response to the logo concept, please see the section in this report titled Focus On Quality Logo.

Table 11. How important are each of the following initiatives, and what role should government play in each?

	% of Exporters saying...					
	Initiative Is...			Federal Government Should...		
	Very important	Somewhat important	Not very/ not at all important	Assume leadership role	Work with industry in support role	Stay out of it entirely
MARKETING INITIATIVES						
An advertising and promotional campaign be developed to enhance the quality image of Canadian processed agri-food in export markets	52	29	18	12	75	13
Develop quality themed promotional campaigns in major export markets for specific products or categories (i.e., separate campaigns for beef, frozen food, bakery, etc.)	47	35	17	9	79	12
Develop a special Canadian quality logo or symbol that could be used by Canadian exporters on packaging and promotional materials sent to export markets. The logo would be used to denote quality	38	28	34	37	45	17
Develop an awards program designed to encourage Canadian agri-food producers to achieve and promote quality in export markets	22	33	45	23	47	30
INFORMATION INITIATIVES						
Help Canadian companies become more aware of / educated about export opportunities	82	15	3	23	70	7
To improve procedures by which Canadian companies can keep up with and sort out export and import rules and regulations for different countries	81	17	2	40	57	3
To enhance opportunities for developing contacts or sales and distribution networks in foreign markets	78	15	6	15	75	10
To provide more and better market research information about export markets to assist companies in their marketing efforts	73	21	6	31	61	8
To improve opportunities for companies to learn more about becoming export ready	61	29	9	23	67	10

Table 11. How important are each of the following initiatives, and what role should government play in each? ***(continued)***

	% of Exporters saying...					
	Initiative Is...			Federal Government Should...		
	Very important	Somewhat important	Not very/ not at all important	Assume leader-ship role	Work with industry in support role	Stay out of it entirely
INITIATIVES REGARDING TRADE SHOWS						
Exporting companies and/or trade associations improve the quality of their exhibits at international trade shows	64	27	8	38●	49	12
Exporting companies and/or trade associations increase their participation at international trade shows	61	32	7	50●	38	11
INFORMATION ON SUCCESS STORIES						
Canadian companies have information about what other countries are doing to promote the quality of their products in export markets, and what is working or successful	64	25	10	37	52	10
Canadian companies get information about what other Canadian companies in other sectors are doing in export markets, the successes they encountered and the reasons for their success	53	34	13	28	58	14
Base: (203)						

●*NOTE: For trade show elements, suggested role for government read "Provide incentives to companies", rather than "Assume a leadership role."*

Focus on Quality Logo

Response to the quality logo is mixed

As noted earlier in this report, there is a mixed response to the idea of developing a special Canadian quality logo that could be used by Canadian exporters on packaging or promotional material sent to export markets. While one in three (38%) feel it would be very important to develop such a logo, an equally high proportion (34%) dismiss the idea as unimportant.

Exporters can see some advantages to a logo

When asked, many exporters can name one or more advantages to developing a Canadian quality logo. Key among these is the idea that customers would know they are getting quality if they are buying products branded with a specific logo. Moreover, there is some feeling that the logo would improve the recognition of Canadian products overall, something which many exporters feel needs to be done. There is some feeling that the introduction of a logo would force some companies to improve their products as they would strive to be eligible to use the logo. However, it should also be noted that one in four see no benefit to a Canadian quality logo.

Table 12. What Would Be The Advantages To Developing A Canadian Quality Logo? (selected)

	% of Exporters
People will know they are getting quality/ would define a certain standard of quality/ would assure people that certain standards have been met/ will identify quality products	40
Easily recognizable as Canadian/ would improve recognition of Canadian products	34
Would improve quality of products/ would encourage companies to improve their quality so they could use the logo	8
Give a sense of unity/ cohesiveness to Canadian products	7
Would denote a higher standard of quality	3
We don't need a logo/ already have the maple leaf/ flag	3
Would enable people in other countries to recognize product as a symbol of quality without worrying about language	3
Nothing/ no advantages/ don't like idea	24
Base:	*203*

Exporters are concerned that use of the logo would have to be very strictly controlled

Exporters also have a number of concerns about the concept of developing a quality logo. One of the key concerns is that there would have to be strict controls placed on who could use the logo in order to ensure that it maintained its integrity as a symbol of quality. They wonder how this 'policing' would occur, and how much it would cost.

There are also concerns about how quality would or could be defined when the agri-food industry covers so many different sectors. That is, there are concerns that it would be an enormous task to try to set standards that would be applicable to a wide variety of sectors.

There was some concern that it would be difficult to get agreement among the various sectors of the industry, and government. Exporters seem to feel that it would be a daunting task to try to develop a quality logo.

Table 13. What problems or concerns do you have about the development of a quality logo?
(selected)

	% of Exporters
Would have to be very strictly controlled as to who could use it/ wouldn't want just anyone using it/ companies using it would have to meet certain standards	24
Very expensive to create/ administer/ more cost to the producers	14
Would be difficult because of product diversity/ how do you set standards for such a wide range of products/ logo would have to reflect all areas of agriculture	11
Ensuring that all products using the logo are meeting the same standards/ would have to be minimum standards set to qualify a company to use it	9
Will not do any good/ don't want it/ don't need it/ logo is meaningless	7
Would have to get everyone to agree/ you will never get consensus/ group decision-making doesn't work	4
Don't need it (general mention)	4
Will only work if people are aware of it/ logo would have to be publicized	4
Prefer to use our own company logo	3
Logo would need to be designed in conjunction with government and industry/ would need input from industry	3
Has the potential to be political	3
Would need to be supported with an advertising campaign/ promotion campaign	3
Too much government involvement/ too much red tape	3
Nothing/ no problems/ concerns	19
Base:	*203*

If a logo is pursued, most feel there should be only one

If the quality logo idea is pursued, most exporters feel there should be one generic logo (64%) that could be used by any exporter of agri-food products, rather than trying to design a different logo for each sector. However, a small minority (15%) feel there should not be any logo at all.

There is also a clear feeling (87%) that only those manufacturers who meet certain standards of quality should be allowed to use the logo. Many felt the government should take a support role (45%) with industry, while others felt the government should assume a leadership role (37%) if a logo concept is pursued.

A slight majority of exporters do not believe a special logo is necessary

Although they are willing to give their opinions about who should and should not be able to use a quality logo if one is developed, a slight majority of exporters do not believe a special logo is needed. They tend to feel the maple leaf or the Canadian flag are adequate symbols of Canadian quality, and that another one is unnecessary. This view tends to be echoed by the international customers interviewed. There is fairly widespread recognition that the maple leaf or the Canadian flag are symbols used by Canadian companies, and a feeling that another symbol is unnecessary. The greater issue is encouraging more companies to use the symbols that already exist, and to make them more visible to people in other countries.

Table 14. Which statement describes how you feel?

% of Exporters

	TOTAL	COMPANY SIZE Small	Medium	Large
Canadian agri-food producers need a special symbol to denote the quality of their products in export markets	40	40	45	35
The Canadian flag or the maple leaf are adequate symbols of Canadian quality, and we don't need another logo	53	49	51	59
Neither	7	11	4	6
Base:	*203*	*53●*	*76*	*54●*

Activities of Canada's Competitor Countries

Intelligence from several Canadian posts is signalling that the competition is active:

European Community

The European Community appears to be the expert in using Country of Origin in marketing.

Italy

- Quality promotion is accomplished by use of "denominazione di origine controllata", which is a certification of origin providing a good quality connotation for consumers.
- Currently, this is applied to wine; however, a manufacturers' consortia is providing the same good quality certification and recognition for other products such as ham, fruit (apples), cheese and olive oil.
- Special marks, labels or logos identify products.
- Both activities have government approval; consumer perception is excellent.

Spain

- The "denominacion de origen" was formerly applied only to wine but has now been approved for Spanish regional cheese; the public sees the products as "good quality."
- There are signals that other food products are being given regional connotation, e.g. "producto de Andalucia."
- Beginning November, 1993, food exporters were permitted to apply to Soivre (quality control board) to analyze and certify products.
- Certification is considered a guarantee to foreign customers.
- Service is provided through the Ministry of Commerce in 32 regional offices; firms are charged for the service.

France

- The appellation d'origine has been in use in France, especially for wine and cheese, for a long time and the system has now been adopted by the European Community. As well the French have the "Labels agricoles" system and products bear the "Label Rouge" sign.
- The use of the "label" is administrated by a separate organization "organisme certificateur," which is most often a producer association. The association determines the criteria on which a "Label" will be granted. Then a specific national commission gives advice and the Ministry of Agriculture and Fisheries issue a regulation which makes a specific "Label" effective. The association must also be able to control "Label" requirements are enforced.
- The regulation does not indicate that there is a fee for usage of a "Label" but it is assumed that the associations charge "Label" users on a cost recovery basis.
- Apparently French consumers like the distinctive sign of quality and are prepared to pay a premium price. Some say that the added value the products have received has contributed to economic growth in the rural areas.

Britain

- Royal Warrants of Appointment have been issued to suppliers of goods and services to the Royal Household since the days of Queen Victoria.
- To qualify, a firm must have supplied to the Royal Household for at least 3 years.
- 890 firms hold Royal Warrants of Appointment including food companies such as Cadbury Bros. Ltd., Schweppes Ltd., and R. Twinning & Co. Ltd.
- Royal Warrant Holding firms are entitled to use the Grantors Royal Coat of Arms on stationery, premises, vehicle, and on certain products and the packaging of those products with the words: "by Appointment to Her Majesty the Queen."

Netherlands

- The Dutch Ministry of Agriculture is at an exploratory stage of discussions with producers and retailers to introduce a quality label for environmentally friendly produced foods.

Scotland

- In January, 1994, the Minister of Agriculture announced the development of a Quality Mark for Scottish food and beverages.
- It appears, from an industry-wide study reported, that the sector is divided as to the benefits of a Mark.

Asia Pacific

Japan

- The quality of processed food is guaranteed by the Japan Agricultural Standards (JAS), first enacted in 1950.
- The system is applied equally to domestic and imported processed food to improve quality and assist consumers in product selection.
- The JAS seal is permitted for use on products after being graded by a third-party organization; the standards are set by the Minister of Agriculture, Forestry and Fisheries and cover both the quality of the product and the label.

Australia

- The Australian government in May 1994 launched the "Food Quality Program" (budget AUD$6million over three years) with the following aim:
  - To encourage a formal quality assurance and quality management culture in the food industry.
  - To assist firms adopt quality as a marketing tool and as a means to improve efficiency.
  - To support the Clean Food Export Program and accelerate the move towards accredited quality assurance as an alternative to final inspection of exports.
- The Agri-Food Council (the food industry advisory body to Australian government) is preparing a plan to enhance quality of food exports as part of a four-year strategy.
- Emphasis of policies and programs is likely to be on strengthening the marketing efforts as opposed to further considerations of food regulations and inspection systems.

New Zealand

- Export efforts are directed by Tradenz, the Trade Development Board with the aim to guide public sector spending in export development. It is most similar to the B.C. Trade Development Corporation in Canada, and has 33 off-shore offices.
- A national brand — Brand New Zealand — was launched in 1993, which permits exporters to use their country of origin as an additional point of differentiation and provide the structure to manage the country's image.
- The idea is to promote a uniform image of good quality products and services; firms must meet rigorous quality, environmental and marketing criteria in order to qualify to use the branded label.
- The New Zealand Tourism Board teamed up with Tradenz to create a joint venture company, the New Zealand Way Ltd. With government backing, this non-profit company manages and develops an umbrella brand; companies pay annual fees to use the name.
- The brand logo shows a fern leaf on a background of blue and green, symbolic of New Zealand and the fresh, clean and natural image that the country projects.
- Most New Zealand companies do not have the critical mass to advertise abroad; the New Zealand Way allows them to share costs and make use of a unified advertising campaign.
- A Food and Beverage Exporters' Council joint venture with Tradenz, the Quality Advancement Program, encourages exporters to adopt ISO9000 standards and TQM principles.

Australia and New Zealand appear to have been in this business for some time and we could learn from their experience. As well, they appear to have good government/industry alliances established.

United States and Mexico

Mexico

- A patriotic movement inside government to promote "buy Mexican" has not been successful; Mexicans are influenced by television advertising of American products and people with new income sources are buying anything imported.
- U.S. firms have aggressive "buy American/buy quality" campaigns; in-store product sampling is allowing interested Mexicans to taste U.S. food firsthand.

The United States and Mexico continue to be the areas where the majority of our sector is doing business. We need to understand in some depth what is taking place in those key markets.

APPENDIX 1

Description of Telephone Interview Sample

	% of Exporters
REGION IN WHICH COMPANY IS LOCATED	
British Columbia	3
Prairies	14
Ontario	50
Quebec	14
Atlantic	18
RESPONDENT'S ORGANIZATION	
Company	83
Trade Association	9
Distributor	7
Other	1
COMPANY SIZE (% of companies interviewed)	
Small *(defined as up to one million dollars in total sales, or self-described as 'small)*	29
Medium *(defined as one million to ten million in total sales, or self-described as 'medium')*	41
Large *(defined as over ten million dollars in total sales, or self-described as 'large')*	30
EXPORT ACTIVITY	
Currently export	82
Planning to export	18
PRODUCTS EXPORTED/ PLAN TO EXPORT	
Beer/ liquor/ wine	4
Water	3
Other beverages	4
Cereal products	5
Snack foods	3
Candy/ confectionery items	4
Meat/ poultry	17
Fish/ seafood	2
Dairy products	3
Egg products	1
Vegetable/ fruit products	21
Maple syrup/ honey products	7
Fats/oils/oilseed products	3
Bread/ bakery products	13
Other	39
Base:	*203*

	% of Exporters
COUNTRIES TO WHICH YOU EXPORT/ PLAN TO EXPORT	
U.S.A./ America (general mention)	68
Boston	2

California	1
Michigan	2
New York	1
New England	7
Southern U.S.	1
Eastern U.S.	2
Other part of U.S.	5
NET EXPORT TO U.S.A.	***74***
Japan	21
Europe/ Western Europe	13
France	7
Germany	10
Switzerland	2
Spain	2
Other country in Western Europe	7
Eastern Europe (general mention)	2
Poland	2
Other country in Eastern Europe	2
NET EXPORT TO EUROPE	***30***
Russia	2
Mexico	14
Pacific Rim (general mention)	3
Asia (general mention)	8
China	3
Hong Kong	5
Korea/ South Korea	5
Singapore	3
Taiwan	4
Malaysia	3
Philippines	2
Other Asian	3
NET EXPORT TO ASIA/ PACIFIC RIM	***26% of Exporters***
COUNTRIES TO WHICH YOU EXPORT/ PLAN TO EXPORT (continued)	
United Kingdom	14
Caribbean (general mention)	7
Bermuda	3
Cuba	4
NET EXPORT TO CARIBBEAN	***14***
South America	6
Argentina	2
Brazil	3
Other South American country	4
NET EXPORT TO SOUTH AMERICA	***11***

NET EXPORT TO CENTRAL AMERICA	*5*
Australia	3
New Zealand	2
Africa	2
Middle East	3
Base:	*203*

	% of Exporters
COUNTRY CONSIDERED MAJOR EXPORT MARKET (% of Current Exporters)	
U.S.A./ America (general mention)	48
Boston	1
California	2
Michigan	1
New York	1
New England	4
Other part of U.S.	2
NET EXPORT TO U.S.A.	***59***
Japan	10
Europe/ Western Europe	1
France	1
Germany	4
Switzerland	1
Other country in Western Europe	1
Eastern Europe (general mention)	1
NET EXPORT TO EUROPE	***9***
Russia	-
Mexico	2
Asia (general mention)	2
China	2
Hong Kong	1
Taiwan	1
Philippines	1
NET EXPORT TO ASIA/ PACIFIC RIM	***9***
United Kingdom	4
NET EXPORT TO CARIBBEAN	***4***
NET EXPORT TO SOUTH AMERICA	1
NET EXPORT TO CENTRAL AMERICA	***1***
Australia	1
Middle East	1
Base:	*166*

Export Activity by Company Size

	% of Exporters COMPANY SIZE			
	TOTAL	Small	Medium	Large
Currently export	82	53	84	100
Thinking about/ planning to export	18	47	16	-
Base:	*203*	*53●*	*76*	*54●*

●*CAUTION: SMALL BASE*

Exports As A Percentage Of Sales, By Company Size

	% of Current Exporters COMPANY SIZE			
	TOTAL	Small	Medium	Large
5% or less	22	36	14	33
6% - 9%	3	4	3	4
10%	12	7	17	13
11% - 20%	6	4	10	6
21% - 25%	4	3	5	4
More than 25%	40	46	48	39
Refused	13	-	3	1
Average Proportion Of Total Sales Accounted For By Exports	*35*	*39*	*37*	*28*
Base:	*166*	*28●*	*64●*	*54●*

●*CAUTION: SMALL BASE*

Product Type by Region

	% of Exporters REGION					
	TOTAL	B.C.	West	Ont.	Que.	Atlan.
Vegetable/ fruit products	21	33	10	20	14	38
Meat/ poultry	17	17	31	12	31	8
Bread/ bakery products	13	17	10	19	-	8
Maple syrup/ honey products	7	-	3	5	21	8
Cereal products	5	17	14	5	-	-
Beer/ liquor/ wine	4	-	7	3	3	8
Other beverages	4	17	3	6	-	3
Candy/ confectionery items	4	17	3	4	3	3
Water	3	-	10	3	-	-
Snack foods	3	-	3	5	-	-
Dairy products	3	-	3	4	-	5
Fats/ oils/ oilseed products	3	17	7	1	-	3
Fish/ seafood	2	-	-	2	3	3
Egg products	1	-	3	1	-	-
Other	39	33	24	46	52	24
Base:	*203*	*6●*	*29●*			*54●*

●CAUTION: SMALL BASE

APPENDIX 2

Results of Twenty One-on-One Interviews with Canadian Agri-Food Exporters

Introduction

Twenty one-on-one executive interviews conducted between May 9 - 28, 1994. All companies interviewed are either currently exporting or contemplating exporting. Along with the focus group results, the results of these interviews have been incorporated into the body of the main report as qualitative findings. This section has been prepared as a summary of the comments made by the respondents who were interviewed individually.

Results

Exporters do not feel Canadian agri-food products have an image problem.

Agri-food exporters feel Canadian products have a favourable image in export markets. There is a consensus among companies that the quality of Canadian agri-food products is the driving force behind the strong image of agri-food products in export markets. This positive quality perception of Canadian agri-food products is evident in all of Canada's key export markets (including Mexico, Japan, Asia, and Europe).

The image of Canadian agri-food products is intrinsically related to the international image of Canada as a natural, open, fresh, clean, and unspoiled country.

Because of the romantic geographical conceptions of the Canadian geography and Canada's clean environment, agri-food products are perceived to embody these characteristics — Canadian agri-food products have 'a healthful image'. More than one company mentioned that the above conception of Canada is related to and reinforced by Tourism Canada advertising, which paints a very romantic picture of Canada. Negative press surrounding environmental issues such as clear-cut logging and the seal hunt are potential threats to Canada's strong international agri-food image.

The perception of Canada as a modern country with high standards of cleanliness, sanitation and regulatory control over food producers also influences the image of Canadian agri-food products.

Agri-food products that come from Canada are perceived to be produced in a clean and regulated environment. The Agriculture and Agri-Food Canada seal or approval of a product for export is felt to carry a strong quality message internationally.

Canada's agri-food products are perceived to be on the expensive side.

In general, Canada's agricultural products are perceived to be moderately more expensive than our competition. But, there was the consensus that this cost differential is generally justified on the basis of a superior quality Canadian product. There were a number of companies, however, who feel the cost of Canadian products/inputs (due to boards, regulatory bodies etc.) makes their products uncompetitive.

The Canadian image of value-added and finished good agri-food products could be strengthened vis-a-vis less processed agri-food products.

Because less processed agri-food products are more closely associated with the actual environment (both physical and regulatory) in which they are produced, these products may have a stronger Canadian image than do value-added and finished agri-food products. Thus, a number of producers of finished agri-food products feel it is very important to attach the strong environmental and quality image of our raw agricultural products to their finished products. This can be achieved by stressing the Canadian ingredients that go into the finished product and, or the regulated environment in which the finished goods are produced.

Agri-food producers are unsure of the image non-agricultural Canadian products have abroad.

Agri-food companies are not aware of a well defined image that Canadian non-agricultural products have in export markets. There was the feeling that Canada is not well known for exporting non-agricultural products, and that if such products do have an image, it is derived largely from the image of Canadian agri-food exports.

The key strength of Canadian agri-food exporters and potential exporters is a quality product.

Virtually all companies feel that a quality export product ('recognized world-wide') is their greatest strength as an agri-food exporter. Value-added producers also mention that a 'huge or potentially huge resource of high quality raw agricultural products' is also a key strength. There is also the feeling that Canadian producers are desirable trading partners because they are honest, straightforward business people who honour contracts and are service-oriented. Commitment to the service principle has also resulted in Canadian companies supplying and developing niche export markets.

The biggest challenge facing the Canadian agri-food industry is increasing the export of value-added products at competitive price points.

Virtually all agri-food companies recognize that growing their value added and finished good exports at a competitive price point is crucial for the future success of their companies and the agriculture industry in Canada. The constraints to this are numerous, as follow:

Internal

- supply management programs and political structures that control production;
- raw agricultural inputs which are more expensive than comparable foreign products;
- import restrictions on agricultural inputs (not available in Canada) necessary for production of certain value added products;
- an export attitude among Canadian producers of value-added products which is 'not nearly as aggressive as it should be';
- government agricultural programs/regulations which are structured for raw agricultural exports versus finished good exports (e.g. agricultural transportation regulations);
- large initial capital outlay to introduce a product to an export market.

External

- tariff and import restrictions;
- export subsidies in competitor's home countries;
- different packaging requirements in export markets;
- different labelling requirements in export markets.

Canadian agri-food companies would prefer logistical support and assistance in exporting more than product quality promotional support.

Agri-food companies want support in areas such as the following:

- education and assistance in how to go about exporting and how to become export ready;
- information about rules, regulations, and requirements different countries have for exporting and importing (e.g. packaging and labelling requirements);
- market research about where exporting opportunities for their product exist and how to go about selling into different markets;
- how to make contacts and set up a distribution network in export markets.

Most Canadian agri-food companies who export their products already have a quality promotion program in place that utilizes the strong image of Canadian agricultural products abroad.

Companies exporting agri-food products abroad, or planning to export agri-food products, promote the quality of their products by incorporating the strong international image of Canadian agri-food products. The most common method of doing this involves the display of the Canadian flag and/or 'Product of Canada' on the labelling of the product. In many cases, the flag (Maple Leaf) or Product of Canada may appear numerous times on the packaging of a product.

Agri-food exporters whose products must be examined by Agriculture and Agri-Food Canada, or another recognized body, before being approved for consumption also incorporate this into their quality promotion program.

Those agri-food companies who operate under Agriculture and Agri-Food Canada production/quality guidelines generally promote this to potential customers of their product (in promotional material and, or packaging). A number of companies mention that if a client is made aware that an agri-food product meets Agriculture and Agri-Food Canada guidelines that is all the quality assurance they need.

Another method which agri-food companies use to promote product quality is through gaining ISO 9000 approval or adherence to TQM principles.

Many agri-food exporters also mention that service/delivery is a key component of the success of their product into export markets.

Given that Canadian agri-food products are generally on the more expensive side companies realize that their products must be recognized as of superior quality, and must provide superior service/delivery. Many agri-food exporters feel that the superior service they provide, both in terms of timely delivery of product and product support upon arrival, are key factors in their success in export markets. The feeling is that this type of commitment to servicing the client establishes 'long term trade relations.'

Using country of origin as a marketing tool is not advisable in all export markets.

In some markets, such as the U.S., some exporters feel that emphasizing the Canadian identity of their products is a negative — not for quality reasons but for political reasons. The feeling is that in these markets there is a strong consumer bias to local agricultural producers and a bias against foreign products to the extent that they are seen as a threat to local producers. Clearly, this bias does not hold for all foreign agri-food products, it only holds for those products that compete with a locally produced product, therefore, promoting 'Produced in Canada' should be used selectively and strategically.

Reaction to a special logo signifying Canadian quality is mixed.

Companies also question the need for a special logo or stamp to denote Canadian high quality. Many feel using the Canadian flag or maple leaf already serves this purpose in export markets.

Regulating who could use the special logo is a large concern.

There are also concerns over how a special logo would be regulated such that poor quality producers would be prevented from putting such a logo on their products. The general concern being that high quality producers want to protect themselves from potential quality concerns about their products stemming from other Canadian companies who display the special logo on poor quality products.

Any regulatory system developed for the special logo must be very cost sensitive.

Assuming that a regulatory system could be developed, virtually all agri-food companies expressed strong concern over the potential cost of such a system. Such companies are not prepared to burden the taxpayer with the cost of regulating such a system.

Reaction to industry-specific awards programs intended to promote product quality was on the negative side.

In general, agri-food companies are not motivated to improve quality through awards; market forces generally drive product quality. In essence, companies are in the business of making money, not winning awards. In fact, a number of companies stated that one of their biggest problems in gaining access to foreign markets stems from a product that is too high in quality rather than too low.

In many sectors the idea of promoting the recognition and quality of Canadian agri-products in export markets is considered premature.

That is, there is a feeling that in some sectors promotional efforts would be wasted because Canadian producers in those sectors do not have enough 'export readiness' to be able to supply foreign markets reliably.

For the most part, Canadian agri-food companies want to see some sort of partnership arrangement between government and industry in the export development and product promotion areas.

Most do not want government to write blank checks for industry for export development and product promotion programs. The concern is that when this happens, the money is often poorly spent and wasted. Most would rather see jointly funded, partnership programs making industry a direct stakeholder to help ensure the money is spent wisely and where needed.

Government should approach the agri-food industry sector by sector.

There is a lot of interest in and support for sector or industry association driven partnerships with government as opposed to an approach which treats agri-food exporters as a generic or homogeneous group with similar needs and concerns. Exporters in different sectors feel they have different needs and concerns that require sector or industry and product specific export strategies and approaches.

There is a desire to see government work in partnership with industry associations or work through the associations in identifying industry needs, setting objectives and developing programs such as:

- sector/ product specific export promotional efforts/ campaigns;
- sector specific logistical, export readiness assistance;
- sector/ product specific market research information;
- sector/ product specific assistance with export regulations/ requirements.

Government export support and assistance should be directed to those industries with the greatest potential for export success.

Government assistance should not be offered to those industries or sectors that have limited export potential and limited export readiness.

All government initiatives should be straightforward and accessible.

A number of companies expressed concern over the difficulty they have encountered in accessing information from Agriculture and Agri-Food Canada and, or Foreign Affairs and International Trade Canada. All future Agriculture and Agri-Food Canada initiatives with industry should be straightforward and accessible i.e. 'a single-window approach.'

APPENDIX 3

Results of Interviews with International Customers

Overview

While the views expressed by people in different countries vary, there are some common themes which emerge across all the markets in which interviews were conducted. These include:

- Canada and Canadian products generally have a good image for quality
- Canadian companies are generally considered to be good to deal with, fair, flexible. There is some sense, however, that Canadians, like Americans, feel that everyone should do business the way they do. One complaint that emerged from international customers was that Canadians are not always prepared to adapt their products (and marketing mixes) to fit another market.
- The Canadian marketing efforts that are known tend to be well regarded. However, there is a perception that Canada does not do enough marketing of its agri-food products. This tends to be seen as a lost opportunity for Canadians; with the customers regarding Canadian products as good in quality, importers do not understand why Canada does not do more to promote itself, and in particular, why it does not do more to differentiate itself from the United States. They feel Canadian packaging, for example, should have a clearly visible symbol, such as the maple leaf or Canadian flag, as well as the phrase 'Product of Canada' in the appropriate language.
- The key issue with international customers is not the quality of Canadian agri-food products, but rather the level of knowledge and understanding Canadian suppliers exhibit about the market to which they are exporting. It seems to be more of an issue in countries in which the cultural differences are greater — Japan, Mexico and Germany. These importers feel that Canadians need to be better informed, not only about the import regulations of their markets, but about the individual nuances of the consumer marketplace. The international customer wants to be assured that suppliers recognize that the market is different, and will react accordingly. They do not want to feel the supplier is assuming that what is accepted in Canada should be accepted everywhere.

Response of U.S. Food Importers

The Images Of Canada Tend To Be Positive

The images Americans have of Canada are not unexpected. Some of the images include:

- *reminds me of the United States*
- *Quebec is more European/ cosmopolitan*
- *nice resorts*
- *they are paranoid of Americans/ anti-American*

- *very conservative people*
- *population one tenth of ours*
- *wheat fields/ corn fields*
- *seafood industry/ fishing/ fish products*

- *mountains*
- *clear water/ water*
- *skiing/ hockey*
- *beer*

- *cold weather/ cold/ snow*
- *moose*
- *Canucks*
- *nice people/ good business people/ nice people to deal with*
- *reputable people/ fair people.*

The overall quality image of food is good

The Americans interviewed generally had a fairly positive image of the quality of the Canadian food they import. While they hesitated to say Canadian quality is better than U.S. quality, they tended to believe it is superior to food imported from some other countries. Some described Canadian quality as good, but not outstanding or unique. The image of quality seems to be derived from a combination of personal experience, feedback from customers and the overall image Canada has of being a clean, fresh country. The Americans interviewed tended to perceive Canada as less industrialized and more rural than the United States. They are more likely to picture mountains or wheat fields than they are to picture a big city when they think of Canada. This image extends to include a perception that there is less air pollution, the water is cleaner and the country is more conscious of the environment. There is positive spill-over to the image of food products. There is a sense that the Canadian way of life, while similar to the U.S., is less hurried and aggressive. Some feel that Canadians take more time in the production of food products and this results in superior quality.

Part of the perception of Canada is political

Some of the Americans interviewed had an impression that Canadian business is subject to more government intervention than American business is. In some respects, this was viewed as positive because part of the government involvement comes in the form of higher standards, and more rigid inspections of food processing plants. The net result, they believe, is that the Canadian standards are higher than the U.S. ones in some sectors. This perception also contributes to an image of quality.

There is some awareness that the tax structure is different in Canada, and that some food sectors are regulated by marketing boards. These seem to be regarded negatively as they are perceived to put up the price of Canadian food. In some sectors, the perceived superior quality can be used to justify the price increase. In some others, however, the higher price the Canadians must charge makes them uncompetitive.

There is some sense of the political unrest in Canada, particularly with respect to the Quebec situation. While it does not seem to be making the Americans anxious about doing business with Canadians, the unity issue is one some seem to be watching. At least one of the Americans interviewed had the feeling that Canadians can be anti-American, or a little unwilling to do business with Americans.

Americans like to do business with Canadians

Canadians generally have a reputation in the U.S. for being more conservative business people but, on the whole, good and fair people to deal with. In comparison to some Europeans, Canadians are considered easy to deal with because they think the same way as Americans and employ a lot of the same business practices. There is less of a cultural barrier than there is when dealing with some Europeans.

Proximity is also an issue with Americans. Part of the reason they like to do business with Canadians is that the product can be obtained relatively close to the market. This makes

deliveries more reliable and consistent. It is also easier for an American to come to Canada to talk to suppliers or to deal with a problem than it is to fly to Europe, Australia or Asia.

One of the Americans interviewed believed Canadians clearly want their business and are, therefore, prepared to work for it by offering all the help and service they can. At the opposite end of the spectrum, another said he finds the Canadians rude, lacking in good communications skills and in too much a hurry to make a sale. Overall, this disparity in opinion is a function of the small number of interviews conducted.

There was also a comment from one American about the currency in which business is done. While dealing in U.S. funds makes transactions easier, he felt it resulted in higher ultimate prices.

Generally speaking, on all of the elements of service evaluated in the interviews (including delivery service, quality of products, level of understanding of import regulations, willingness to do business 'your' way and price), Canadian companies were considered excellent or good. The only exception was a 'fair' rating on the willingness of Canadians to do business 'your' way.

Recognition of Canadian marketing activity

The general impression of the Americans interviewed was that Canadians do a good job of marketing and promoting their food products, although not necessarily better than anyone else. They talked about the Canadian presence at trade shows, as well as sales calls made by individual companies, literature sent to them by the federal or provincial governments, and ads and articles in various trade publications. Overall, they seemed to feel that Canadian products are reasonably visible as a result of these marketing efforts.

Some Americans make a point of visiting Canada and their suppliers themselves several times a year, and they feel that this helps them keep in touch with the Canadian industry.

They like to see actual samples, either at trade shows or when they are visited by company representatives. While some feel that Canadian companies do this well, others feel there is a bit of a void in this respect.

The material they get from other countries is not significantly different. They talked about receiving literature on kiwi fruit from New Zealand and beef from Australia. One importer felt the Italian trade commission does an excellent job of sending out material on wine, cheese, confectionary items, baked goods and pickled products on a regular basis.

Awareness of a Canadian symbol is not necessarily widespread

While not all of the Americans interviewed could name a symbol used by Canadian food exporters, several did say they think of the Canadian flag or maple leaf when they think of Canadian symbols. Some believe the only symbol used is the 'Imported from Canada' or 'Product of Canada' mark.

In this respect, they felt it would help Canadian food exporters to identify their products more clearly as Canadian. While the Americans interviewed didn't necessarily feel a new symbol is needed, they did suggest that Canadians should be more aggressive in how they identify their food products in export markets. Because they feel Americans generally associate quality with Canadian food products, they saw no reason why Canadian companies should not be 'bragging' a little more. One of the Americans interviewed, however, felt the food industry in Canada is not large enough to make it worthwhile to worry about how visible the products are.

Americans consider it important that Canadians understand U.S. import regulations

All five of the Americans interviewed feel it is very important that the Canadian companies develop a better understanding of U.S. import regulations if they are to better service the need of U.S. importers. Four out of the five also feel it is at least somewhat important that Canadian companies develop contacts with food customers in the U.S. if they are going to do a better job of servicing the market. (However, it should be noted that since all of the customers interviewed currently import from Canada, this might not be perceived as a big issue; the people they deal already have contacts in the U.S.) Four also feel it is at least somewhat important to promote the quality of the food they are trying to sell. As noted earlier, they seem to feel the Canadians are operating from a position of strength in this respect, and therefore see no reason why they shouldn't be more aggressive.

Quality assurances vary

The assurances of quality which Americans require from companies from whom they import processed food products vary. Out of the five Americans interviewed, three said they are satisfied if the products meet the Canadian inspection standards, while one sought U.S. inspection standards. Two mentioned each of industry standards, TQM or HACCP. No one said they are looking for ISO9000 standards.

Background on the sample

The international customers interviewed in the U.S. currently import fish/seafood, vegetable/fruit products, water, fats/oils, pasta, meat/poultry, dairy products, maple syrup, snack foods, bread, and candy products from a variety of countries. None of the people interviewed imported only from Canada. They also listed France, England, India, Jamaica, Italy, Greece, Spain, China, New Zealand, Israel, Belgium, Mexico and Thailand among the countries from which they buy agri-food products.

Response of Japanese Food Importers

Images of Canada are positive

Only positive images were mentioned by the Japanese importers interviewed. Their perceptions of Canada include a place that is beautiful, clean, with wide open spaces. Some of the words they used to describe Canada included:

- *native*
- *beautiful*
- *white*
- *wealthy*

Quality perceptions of food products were fair

Canadian food products were given most often a "fair" rating. This rating did not vary greatly from Canada's main competitor in the market, the U.S. The positive comments were based in the general perception of Canada as a safe, environmentally concerned country. The importers interviewed described Canadian food products as safe or harm-free.

Part of the reason for the 'fair' quality rating rather than a 'good' or 'excellent' rating was a perception that Canadian companies are not flexible enough in terms of adapting their products to suit the texture, taste, and appearance demanded by the Japanese consumer. That is, the food may be suitable for the Canadian market, even the 'western' market generally, but is not always

appropriate for Japanese tastes. While there is a perception that Canadian companies will try to please their customer, and are anxious to listen to the Japanese importers, there is still a concern that food that is acceptable in Canada is not always pleasing to the Japanese.

In this respect, Canadians were described as immature, or too basic in their approach to exporting. The feeling was that they need to be more willing to adapt their products to the Japanese preferences with respect to taste, texture and appearance.

It was also mentioned that there are sometimes problems with foreign matter such as plastic or grease in the product. While this is not an on-going problem, the fact that it happens even occasionally adversely affects the image for quality because of the strict quality standards of the Japanese market.

Some Japanese companies find it difficult to do business with Canadian companies

Generally, the Japanese customers interviewed say that Canadian companies are very difficult to deal with because they do not understand the market. They feel the Canadians do not listen to the fact that their products must be adapted to the Japanese consumer, but try to insist that their products will be accepted. There is a very real concern that Canadians are not taking the time necessary to understand the market in which they are trying to sell their products. They also suggest that Canadians are not patient enough in initially listening to what the Japanese consumer wants, and adapting their product accordingly. The Japanese importers stressed that it takes time to convince their countrymen of the quality of new products, and that it therefore requires patience on the part of both the Canadian exporters and the Japanese importers before new products will be accepted by the Japanese consumer. They are not sure the Canadians have the patience needed.

Part of the problem is that many of the Canadian companies exporting to Japan are small, and simply don't have the financial resources necessary to develop a 'tailored' product. The Japanese importers understand that it takes money to adapt a product and invest in market development, and that many of these companies are forced to adopt a 'take-it-or-leave-it' attitude with potential customers. However, even though they understand the rationale for the attitude, it leaves them with a poor impression of Canadian food products, and to some extent, Canadian business people.

This suggests that a good role for the government is to provide assistance in helping smaller companies to adapt their products to the specific market(s) to which they want to export, as well as assistance in promoting their quality.

Recognition of Canadian marketing activity

Canada is given only a 'fair' ranking in terms of its marketing activity, as opposed to an excellent or good rating. By way of comparison, U.S. activities were rated as better in this small sample.

Most of the Japanese importers interviewed had read promotional material from Canadian organizations on the quality of its products. Material such as pamphlets or leaflets were perceived to be available not only from the individual companies involved, but also from the Canadian Embassy, and Canadian Producer Associations like Seafood Canada. One importer has a buyer's guide book that lists agents and suppliers in Japan.

The U.S. is generally perceived to be more aggressive and perhaps more visible in their use of promotional material. For example the U.S. Potato Board was described as recently having a strong campaign.

It is important to note, however, that while the Japanese importers interviewed felt that the promotion of quality is important, they felt there were other more pressing issues to deal with. For example, if the Canadian companies had better management, spent more time and effort developing contacts with customers and developing better understanding of import regulations, they felt that the quality issue would fall into place. Their concern about quality is not based in the food itself, but more in the perceived willingness of business to adjust to the Japanese market. A large part of the process required, then is to develop a better understanding of what the Japanese market wants and requires, and how Canadian companies can go about meeting those needs.

It is also important to note that Canada's image is not presently an advantage in Japan because Canada is not seen as a big exporter of food products. The Japanese are strongly attracted to products for their image. The key need at this point, then, is perceived to be a need to tie Canada's general image as a country to the food products it is trying to sell, and in doing so, create more demand in Japan for Canadian food products.

The Canadian flag or maple leaf is perceived to be symbol

Each Japanese customer interviewed was aware of the red maple leaf as a symbol of Canadian products. Each was also clear that there is a need for Canadian companies to more clearly identify their products as Canadian in order to persuade the customer to associate the image of Canada with food products. That is, the Japanese importers clearly feel the image of Canada is positive, but that the food products they currently see do not measure up to that image. They feel there is a need for a symbol that will not only make Canadian products more visible in Japan, but will encourage Canadian companies to upgrade their quality.

Standards of quality

Perhaps not surprisingly, based on their earlier comments, Japanese consumer standards are the most frequently cited quality assurances required. That is, the Japanese importers were saying that if they can sell the product to Japanese consumers, then they feel the quality is there. They will base their judgement to a large extent on the feedback they get from their own customers. Canadian government standards are perceived very good in most product areas, and are also used as an assurance of quality. None of the importers interviewed used measures like TQM, ISO9000 or HACCP.

Background On The Sample

The sample as a whole has imported a wide variety of processed foods; most frequent among items were frozen fries, pizzas and vegetables. As well as Canada, these companies also had experience importing with U.S. and European food exporters.

Response of German Food Importers

Images of Canada are positive

The images of Canada which were mentioned by the German importers interviewed for the most part were positive. Their comments included:

- *vacations/ beautiful country*
- *not crowded/ wide open spaces/ big country*
- *nature/ sunrises*
- *motor homes*
- *supplier of wood/ raw wood*

- *Canadian salmon*
- *clean country in comparison with the United States.*

Quality perceptions of food products were good

Canadian food products were considered good by the German importers. They talked about the fish products which they consider cleaner and safer to eat than fish from some other regions. They mention other products such as honey or maple syrup in which purity is also important. There is a sense that Canadians pay more attention to cleanliness, at least partially because they are perceived to be more environmentally aware than Americans in particular.

Part of the 'good' or 'excellent' rating given to Canadian food products also stems from a perception that Canadians are not as likely to add preservatives or chemicals to their processed food. The food is perceived to be pure, with nothing 'adulterating' it. One of the importers had actually done their own quality control tests on Canadian imports either internally or through a commercial lab, and had not found any problems. Canada is also perceived to be technologically advanced, and as such, is perceived to have quality standards built-in. That is, because it is a developed nation, there is an expectation that the quality will be good.

Some German companies find it difficult to do business with Canadian companies

None of the German companies interviewed described Canadians as 'very easy to deal with'. Two described them as 'somewhat easy to deal with' and one felt they are 'somewhat difficult' to deal with. On the one hand, Canadian companies are described as professional, and business-minded. To some extent, they are perceived to be fairer and more straightforward than their American counterparts. The importers interviewed tend to be dealing with companies they have known and dealt with for a while and have an established relationship with, and therefore tended to have good things to say. They tend to feel that if they keep in touch by phone or even with personal visits from time to time, they have few problems with their Canadian suppliers. There is some mention of the fact that as a multi-cultural nation with a lot of people of European descent, that there are some cultural ties with Canada.

However, there is also a sense that some Canadian companies are too narrow in their vision, and tend to think, like the Americans, that the world should do business their way. There is a sense that Canadians do not do enough to understand the European way of doing business or the needs of the German consumer. They feel there is a real need for Canadians to do more to understand the markets to which they intend to export.

Generally speaking, the German importers interviewed suggested that Canadian companies are excellent or good to deal with in terms of delivery service and product quality. Where they feel the Canadian companies need to improve is in their level of understanding of the import regulations of Germany. They feel that Canadians need to do more research about what is required by German companies, and by the German government before they rush into the market and try to sell their goods. In this respect, they tend to feel that it is probably more important for Canadian companies to focus on developing contacts with customers in Germany, and on developing a better understanding of German import regulations than it is to promote the quality of Canadian food products.

Recognition of Canadian marketing activity

Canada tends to be considered to be doing a fairly good job with its marketing and promotional activities. In this respect, they are considered to be as good as or better than other countries.

Information about Canadian food products comes from a variety of sources including trade shows in Germany as well as Canada. One respondent mentioned the recent 'Green Week' in Berlin, as an example. They say that the Canadian government usually has a booth, and that various provincial governments might as well. Some receive information from the Canadian government, or, again, the individual provinces. Others say they receive information through industry publications, or directly from the companies with which they currently do business, or with which they are thinking about doing business.

However, only one of the three companies interviewed said they have received promotional material from Canadian companies or the Canadian government specifically on the quality of Canadian food products. The one who had received such material said it was material he had picked up at a trade show from a Canadian booth at which both the federal government and some of the provinces were represented. Only one of the three had ever received any promotional material from other countries, and he had received brochures from France on cheese and wine, flyers in the industry newspaper on wine, olives and fish from Spain, and posters from both Portugal and Denmark on dairy products.

The Maple leaf is perceived to be the symbol

Two of the three customers interviewed were aware of a symbol used by Canadian companies to indicate that their products are Canadian. However, while both suggested that the maple leaf is used, they also suggest that some food products use a beaver, salmon, or the Canadian flag to designate their products as Canadian. The two companies currently aware that Canada uses a symbol to identify their food products feel that the use of a symbol is a good idea. One man suggested that it would be a good idea for the 'Canadians to show themselves', or to make themselves more visible. Since the food is generally considered good quality, they feel there is no reason to hide. However, they also cautioned that a standardized symbol would have to be compatible with the individual importer's ideas about labelling and packaging. That is, any symbol developed or used should not interfere with the use to which the importer puts the product. (This latter comment came from an importer who markets the Canadian product he imports under his own brand name. The Canadian company is acting as a supplier only, and not as a brand).

The importer who felt it would hurt Canadian companies to use a symbol that would clearly identify their products as Canadian also suggested that the Canadian logo or symbol might not fit with the overall package design he uses. Again, he re-packages the products he gets from Canada, and sells it under his own label.

However, he also felt that Canada will have to do a lot more promotion than it currently does if it expects the individual consumer to recognize, or care, that the product has been imported from Canada. While the products are good, he perceives there is little recognition of Canadian products in the marketplace at large, and suggests that a much broader campaign than a simple logo design is necessary.

Standards of quality

The key assurance of quality which these German importers want from their suppliers is that the food being imported meets German inspection standards. One of the three looks for ISO 9000 standards of quality, as well as HACCP. One of the others looks for some assurance that the products meet certain environmental specifications.

Background on the sample

The German importers interviewed currently import wild rice, fruit juice, canned goods, and some 'ready-to-eat' dishes. None were importing exclusively from Canada, but also from the U.S., Australia, Thailand, South Africa, Morocco, Indonesia, Ivory Coast, and various countries in Europe.

Response of English Food Importers

Images of Canada are positive

The images of Canada which were mentioned by the English importers interviewed for the most part were positive, and tended to deal more with the geography and topography of the country than with its people or economy. Their comments included:

- *mountains*
- *RCMP/ Mounties*
- *large open spaces*
- *lakes/ rivers*
- *maple syrup*
- *Niagara Falls.*

Quality perceptions of food products were good

English importers tend to think the quality of Canadian food is good. They made specific mention of Canadian cheddar cheese, which was described as delicious, and Labatt beer, which was described as good and strong. They also mentioned apples. Generally speaking, they feel Canadian food is flavourful. The key reason they gave for saying Canadian food is good quality is a sense that Canada is in the top bracket of producing countries, and that quality is maintained from grower to packer. They not only have a feeling that Canada imposes high standards, but that the companies themselves are eager to please and have a good understanding of the English market. There was a suggestion from one importer, however, that the quality of management in some Canadian companies left something to be desired.

In comparison with food from other countries, Canadian food is generally considered as good as or better than products from the U.S., Australia, New Zealand or Europe. One respondent felt Canadian quality was inferior to Australia and Europe.

English companies find it easy to deal with Canadian companies

The importers in England generally do not seem to have a problem dealing with Canadian food companies. Part of this attitude stems from the common British links between the two countries, as well as the absence of a language barrier. The English feel that they have a lot in common with Canadians, and that Canadians at the same time know a fair bit about England. The shared history of the two nations creates something of a link.

The English importers interviewed find that the Canadians are prepared to learn and adapt when necessary. While they seem to be fairly knowledgeable about the market already, there is a feeling that the Canadians are prepared to accept advice when offered. They are flexible.

There was some feeling that Canadian pricing structures are less rigid than they are in other countries. While the prices themselves might not always be the best, the sense was that Canadians would adapt their pricing if pushed hard enough.

It should be noted, however, that one respondent commented that Canadian companies were relaxed, but that their responses were not as quick as they could be. This point was made by an importer who had some trouble with delivery from Canadian suppliers. On the whole, however, Canadian companies were regarded as good or excellent in terms of delivery, product quality, their willingness to do business the way the English like, and their understanding of English import regulations. One of the three respondents suggested, however, the Canadians had only a poor understanding of England's import regulations.

Recognition of Canadian marketing activity

Canadians tended to be described as fair or poor in terms of their marketing and promotional activity. By way of comparison, the U.S. is perceived to do a good job, and Europe is perceived to do a fair to good job. Opinions were mixed on the activities of Australia and New Zealand.

Information about Canadian food products is perceived to be rather scarce in England. One importer said he relies on his own contacts within Canada, as well as the provincial office in London. There was also some mention made of Young's Food Trade Directory, trade fairs and the Canadian Embassy. One of the importers had seen some press releases from the Ontario Apple Commission. Another had seen some leaflets or ads in magazines.

On the whole, however, the impression was that there is not a great deal of marketing activity being done by Canada.

By way of contrast, the US was mentioned as a source of good deal of promotional material. The California Cherry Commission issued promotional journals, and the U.S. Apple Export Council and the Washington State Commission provide point of sale material as well as advertising in the trade press. The U.S. was said to provide brochures, leaflets, videos, T-shirts, books and posters. U.S. food industries put out updated newsletters and help to finance the sale of their products in England. Overall, they are seen as much more aggressive than Canadians.

Australian companies were also described as being more involved than Canada in marketing activity. They were alternatively described as providing T-shirts, leaflets, carrier bags, coasters and balloons. New Zealand's Apple and Pear Marketing Board advertises on television in England, and sponsors round-the-world sailing. It provides hats and T-shirts with the EnZed logo. Germany was mentioned as a country which provides lists of trade shows, and a directory of products. Holland and Belgium issue press releases supporting promotions with supermarkets and also supply T-shirts, trinkets, etc. In comparison with these other countries, then, Canada is perceived to be quiet from a marketing and promotion point of view.

The Maple leaf Is perceived to be the symbol

Two of the three English importers knew that Canada uses the maple leaf on a lot of its food products. They also suggested that there is a maple syrup symbol, and one mentioned a three-petal orchid (which might refer to Ontario's trillium). The respondent not aware of any symbol clearly feels Canada should have one. The comment was that the quality of their products is so good they should be easily identifiable so people can find them easily. The general feeling was that symbol denoting Canadian quality would help Canadian exporters to market their food in England.

All three importers felt that it was very important that Canadian companies promoted the quality of their food products. They tend to feel the quality is there, and it should be played up. While Canadian food companies are rated highly for their consistently good quality, there is room for improvement in the way they are promoted to ensure that this high quality is more universally recognized. More use could be made of symbols, as well as brochures, point of sale material, videos, etc. Canada has a positive image in England, and more use could be made of this image by the food companies. They also felt it is important for Canadian companies to develop contacts with English customers, and to make an effort to understand England's import regulations.

Standards of quality

The assurance of quality being sought by the English importers interviewed varied a great deal. One wanted the companies with whom he dealt to meet all of the standards listed, including TQM, ISO9000 and HACCP. Another felt it was important only to meet industry standards. The third wanted his suppliers to meet his own specifications, and to provide a quality control report.

Background on the sample

The English importers interviewed currently import from the following categories: fresh produce, maple syrup/ honey, fats/oils, meat/ poultry, edible seeds, spices, concentrated fruit juice, cereal products and confectionery. None were importing exclusively from Canada, but also from the U.S., Australia, New Zealand and various countries in Europe. There was also mention of interest in importing from Central and South America and Asia.

Response of Mexican Food Importers

General perceptions of Canada are positive

The images of Canada mentioned by the Mexican importers were positive. There was some description of both the country, and its people, with words and phrases such as:

- *quality products*
- *honest, trustworthy people*
- *careful people*
- *tourist centre/ place for tourists/ place to vacation*
- *not industrialized*
- *Niagara Falls*
- *white wine*
- *native Indians*
- *clean, natural*
- *cold climate*
- *expensive.*

Three of the four importers have travelled to Canada previously on business, some at the invitation of Canadian exporters. As such, they indicated that they have first hand experience with and impressions of Canada as a country.

Quality perceptions of Canadian food products are good to excellent

The Mexican importers interviewed tend to have a high regard for the quality of Canadian food products. Three of the four importers interviewed rated the quality of Canadian food imports as excellent and the other importer rated the quality as good. Part of the positive image of Canadian food products stems from the impression they have that Canada is clean and natural. This image clearly spills over into the image of the food products.

It was interesting however, that one importer said that he discontinued importing fruit juice from Canada because the taste of the juice was not well received in the Mexican market. While he did not have concerns about the quality of the juice, his point was that the Canadian companies might need to do more research into the tastes which appeal to the Mexican market. They cannot assume that what Canadians like, Mexicans will like. Canadian food products are considered to be as good as or better than food products from the U.S. or Europe. One woman suggested that the quality of food products from Finland was superior to Canadian quality, but that they also had higher prices. In the end, she felt the quality she gets from Canada, in combination with the price, gives her the value she is looking for.

Canadian exporters are easy to deal with

Compared to other countries such as the U.S. and European countries, Canadian food importers are rated as being fairly easy to deal with. The Mexicans who had travelled to Canada generally had established relationships with their suppliers, and therefore had a good working rapport. Canadian importers received a positive assessment for their delivery service, product quality, understanding of Mexican import regulations and general style or approach to conducting business. Canadians are seen as somewhat less aggressive and more trustworthy than Americans. They are generally seen as being willing to do business the way Mexican importers would like. In this respect, Canadians are perceived not only to be more flexible, but more prepared to learn about the Mexican marketplace.

Some negative comments, or mixed comments are expressed about the pricing of Canadian food products, the willingness of Canadian importers to assume risk and their knowledge of Mexican consumer tastes and import regulations. Indeed, it was suggested by three of the four people interviewed that Canadians need to learn more about Mexico, not only with respect to the import regulations, but with respect to the preferences of the marketplace.

One importer suggested that he finds Canadians less willing than the Americans to take a risk, and in particular, are not as willing as some Americans are to invest in Mexico. Part of this fear of risk, he felt, comes from a general lack of knowledge of the marketplace.

All agreed on the importance of Canadian food importers promoting the quality of their products in the Mexican market and in developing contacts with customers in Mexico. Indeed, this was probably the single biggest element emerging from these four interviews. While the Mexicans clearly feel the Canadian companies are trying to deal effectively with Mexican companies, they perceive a need for more work on the part of Canadians to develop contacts in the Mexican marketplace.

Recognition of Canadian marketing activity

Generally, among this group, familiarity and recognition of Canadian food export promotion and marketing activity was fairly high. Sources of information about Canadian food exports included:

- the Canadian suppliers they deal with

- the Canadian government
- the Wheat Board of Canada
- the World Trade Centre in Mexico City
- parent U.S. company/ affiliated company
- agri-related magazines.

Most of the marketing and promotional material recalled about Canadian food exporters was provided by the Canadian exporters themselves, about their own products. Little was sourced elsewhere. Two of the four importers mentioned the Canadian government as a information source.

It was also noted that none of the promotional material they received related to the quality of the Canadian food products. That is, while quality was mentioned in some of the material, it was not usually the focus. The Canadian marketing material recalled generally compares favourably to that of other countries. However, there was some feeling that Canada does not do as much marketing and promotion as some other countries.

In particular, the Mexicans suggested that Canadians do not do enough to differentiate themselves from the Americans. They suggest this is an opportunity lost for the Canadians, because they have good quality food products, and in some categories, better quality than the Americans, but the Canadian products do not stand out. They seem to feel the Canadians are cheating themselves by allowing their products to be perceived so similarly to American products, and not making more of an effort to establish a real Canadian identity.

Recognition of Canadian symbols

The Canadian flag and maple leaf are the two most universally cited symbols of Canada, however, the Mexican importers interviewed did not always recall that these symbols were being used by Canadian food companies. Some felt use of the maple leaf or flag would help Canadian companies in this regard.

The consensus of three of the four Mexican importers interviewed is that Canadian exporters should make greater efforts to have their products more easily identified as Canadian, particularly at the retail, consumer level. Some feel that, currently, Canadian food products look too much like U.S. products, and get lost among U.S. food products. The feeling is that differentiating Canadian products more from U.S. products would help Canadian food exporters.

Quality required from Canadian suppliers

Apart from company quality standards, no specific quality requirements were monitored by the Mexican importers interviewed. No mention was made of quality assurance standards such as TQM, ISO 9000, or HACCP. Nonetheless, it was made clear that these importers expect first quality from Canadian companies, and they expect the Canadians to honour whatever quality standards are written into their contracts.

Background on the sample

The four Mexican companies interviewed are involved in importing seed /grains, cereal products, and beverage / juice products. None imported exclusively from Canada, but also from the U.S., Europe and China.